

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 IO-14 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01

TAR-02 L-03 AGR-20 SS-20 NSC-07 SSO-00 NSCE-00 INRE-00

USIE-00 ARA-16 DRC-01 /179 W
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O 252001Z ARR 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6772

INFO AMEMBASSY BOGOTA IMMEDIATE

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LIMA IMMEDIATE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 2482

LIMA OR BOGOTA PERSONAL FOR AMBASSADOR EBERLE

E.O. 11652: NA

TAGS: ETRD, GATT, EEC, US

SUBJ: EC COMMISSION PROPOSAL AND PERMANENT REPRESENTATIVES'

MORNING DISCUSSION, APRIL 25, ON ARTICLE XXIV:6

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REF: EC BRUSSELS 2414

1. SUMMARY. WELLENSTEIN GAVE THE CHARGE ON APRIL 25 THE EC COMMISSION'S PROPOSAL PRESENTED A FEW HOURS EARLIER TO THE COMMITTEE OF PERM REPS FOR A SUPPLEMENTARY ARTICLE XXIV:6 OFFER. THE PROPOSAL INCLUDES SOME IMPROVEMENT ON ORANGES AND TOBACCO AND THE ADDITION OF SOME INDUSTRIAL ITEMS BUT CONTAINS NO IMPROVEMENT FROM THE DECEMBER EC OFFER ON KRAFT LINER. THE PERM REP APRIL 25 MORNING DISCUSSION WAS BRIEF AND CONSISTED MAINLY OF A PRESENTATION BY THE COMMISSION WITH LITTLE MEMBER STATE COMMENT. THE DISCUSSIONS ARE EXPECTED TO CONTINUE IN THE EVENING OF APRIL 25 AND TO BE RESUMED IN A PERM REP MEETING EARLY NEXT WEEK, PROBABLY MONDAY, APRIL 29. END SUMMARY.

2. WELLENSTEIN, EC COMMISSION DIRECTOR GENERAL FOR EXTERNAL RELATIONS, BRIEFED US APRIL 25 ON THE NEW COMMISSION PROPOSAL FOR ARTICLE XXIV:6 CONCESSIONS AND ON THE INITIAL PERM REP SESSION. HE ALSO HANDED US, FOR THE US GOVERNMENT'S INFORMATION, THE TEXT OF THE NEW CONCESSIONS BEING PROPOSED (BEING TRANSMITTED BY SEPARATE TELEGRAM). WELLENSTEIN SAID THE COMMISSION PROPOSAL IS SUPPLEMENTARY TO THE DECEMBER OFFER WHICH WAS APPROVED BY THE EC COUNCIL. THE LATTER REMAINS ON THE TABLE EXCEPT INsofar AS MODIFIED BY THE NEW PROPOSAL. HE ALSO SAID THAT THE PROPOSED STATEMENTS ON CEREALS (NOT INCLUDED IN THE TEXT HANDED TO THE COMMISSION) HAD BEEN CIRCULATED TO THE PERM REPS AND ARE UNCHANGED FROM THOSE RECENTLY DISCUSSED WITH THE US SIDE IN NEW YORK.

3. FOLLOWING ARE WELLENSTEIN'S COMMENTS ON SOME SPECIFIC ITEMS IN THE SUPPLEMENTARY PROPOSAL:

(A) ORANGES (CXT 13 PERCENT FOR APRIL, 8 PERCENT FOR FIRST HALF OF MAY, AND 4 PERCENT THEREAFTER THROUGH SEPTEMBER). WELLENSTEIN SAID THE COMMISSION HAD INCLUDED APRIL BECAUSE THE US CONSIDERS THIS SUCH AN IMPORTANT MONTH BUT COULD NOT GO AS FAR DOWN AS THE US WOULD LIKE. THE COMMISSION HAS DROPPED THE IDEA OF A TARIFF CONCESSION FOR THE FIRST HALF OF OCTOBER BECAUSE IT UNDERSTANDS THIS IS "MARGINAL" FOR THE US. WELLENSTEIN LIMITED OFFICIAL USE

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DOES NOT RULE OUT RESTORATION OF THE OCTOBER CONCESSION SHOULD THIS PROVE NECESSARY IN A FINAL PACKAGE. (ACCORDING TO A PERM REP SOURCE, THE COMMISSION LEFT THE IMPRESSION THERE COULD PROBABLY BE SOME GIVE ON THE 8 PERCENT DUTY FOR MAY.)

(B) TOBACCO (CXT 14 PERCENT WITH A MAXIMUM OF 55 UNITS OF ACCOUNT PER 100 KG). WELLENSTEIN REPRISYF HIS PREVIOUS

ASSERTIONS THAT THERE IS NO CHANCE THE ITALIANS CAN GO FARTHER AND THAT THEY ARE, INDEED, MOST UNLIKELY TO ACCEPT EVEN THE NEW COMMISSION PROPOSAL. ACCOURDING TO WELLENSTEIN, THE ITALIAN AMBASSADIR INTERVENED AT THE OUTSET OF THE PERM REP DISCUSSION TO SAY THAT ROME COULD NOT ACCEPT THE COMMISSION PROPOSAL AND THAT IN BILATERAL US-ITALIAN DISCUSSIONS, THE US HAD CONCENTRATED ON CITRUS.

(C) ANTI-KNOCK COMPOUNDS (TARIFF REDUCTIONS FROM 15.8 PERCENT TO 13 PERCENT FOR LEAD-BASED AND FROM ABOUT 11 PERCENT TO 9 FOR CERTAIN OTHER PREPARATIONS). THE COMMISSION REALIZES THAT THE US WOULD LIKE DEEPER CUTS BUT FELT UNABLE TO GO BEYOND THE RANGE NOW PROPOSED.

(D) POLYAMIDES (CXT REDUCTION FROM 17.6 PERCENT TO 16 PERCENT). THIS IS A NEW ITEM -- A SYNTHETIC RESIN PRODUCT -- IN WHICH, WELLENSTEIN CLAIMS, THERE IS SUBSTANTIAL US TRADE WITH THE NINE. IN ADDITION TO SLIGHTLY IMPORVING THE PROPOSED OFFER FROM OUR STAND-POINT, THIS ITEM HAS BEEN ADDED TO IMPROVE THE BALANCE OF CONCESSIONS AMONT THE NINE, I.E., TO ADD A "NON-ITALIAN" ITEM.

(E) OUTBOARD AND MARINE ENGINES (CXT REDUCED FROM 11 PERCENT TO 8 PERCENT WITH A ZERO BINDING FOR THAT PORTION OF THE TRADE NOW SUBJECT TO DUTY SUSPENSION). WELLENSTEIN UNDERSTOOD THAT WE WOULD FIND THE ZERO DUTY BINDING OF SOME INTEREST.

(F) EXCAVATING EQUIPMENT (CXT REDUCED FROM 11 PERCENT TO 9 PERCENT FOR SCRAPERS AND TO 10 PERCENT FOR ASSOCIATED SPARE PARTS AND ACCESSORIES). WELLENSTEIN RECOGNIZED THAT CONFINING THE PROPOSAL TO SCRAPERS MAKES THIS LESS ATTRACTIVE FOR US, BUT HOPES THE ADDITIONAL CONCESSION ON SPARE PARTS WILL BE HELPFUL.

(G) DUMPERS (CXT REDUCED BY STAGES FROM 22 PERCENT TO 17 PERCENT BELOW 10,000 CUBIC CENTIMETERS AND TO 20 PERCENT ABOVE 10,000 CUBIC CENTIMETERS). WELLENSTEIN LIMITED OFFICIAL USE

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RECOGNIZED THAT THIS PROPOSAL REPRESENTS NO SIGNIFICANT PROGRESS FROM THE US STANDPOINT. HE SAYS THE BELGIANS ARE STILL ADAMENT; THAT THE COMMISSION HAS BEEN UNABLE TO MOVE THEM; AND FELT UNABLE TO GO FURTHER, FIVEN THE BELGIAN ATTITUDE.

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O 252001Z APR 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6773

INFO AMEMBASSY BOGOTA IMMEDIATE

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(H) KRAFT LINER (NO NEW PROPOSAL). WE QUERIED BOTH
WELLENSTEIN AND PERM REP SOURCES ON THIS ITEM, GIVEN ITS
IMPORTANCE IN EC-US TRADE. THE COMMISSION TOLD THE
PERM REPS THAT THE DECEMBER PROPOSAL (9 PERCENT CXT)
REMAINS VALID BUT THAT ANY FURTHER REDUCTION WOULD
REQUIRE A US ASSURANCE ON SUPPLY OF PULP. ACCORDING
TO OUR SOURCES, THE COMMISSION MADE NO NEW PROPOSAL ON
KRAFT BECAUSE IT UNDERSTOOD THE US COULD NOT GIVE A
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SUPPLY ASSURANCE FOR ANY CXT HIGHER THAN 6 PERCENT.
THE COMMISSION CONSIDERED SUCH A TARIFF REDUCTION UN-
SALEABLE IN THE COMMUNITY.

4. ACCORDING TO WELLENSTEIN, IN THE INITIAL PERM REP DISCUSSION THIS WAS ONLY TIME FOR A PRESENTATION BY THE COMMISSION AND FOR THE ITALIAN STATEMENT ON TOBACCO NOTED ABOVE. A WORKING GROUP OF THE PERM REPS HAS BEEN MEETING THE AFTERNOON OF APRIL 25 TO DISCUSS CERTAIN TECHNICAL AND OTHER QUESTIONS-- SUCH AS THE ITALIAN INTEREST IN GETTING COMMITMENTS ABOUT INTERNAL EC SUPPORT FOR THE ITALIAN TOBACCO INDUSTRY. WELLENSTEIN THOUGHT IT UNLIKELY THAT THE PERM REPS COULD FINISH THEIR DISCUSSION AND THAT IT WOULD THEREFORE BE CARRIED OVER TO NEXT WEEK. ONE PERM DEL SOURCE THOUGHT IT LIKELY THE PERM REPS WOULD RETURN TO THIS SUBJECT ON MONDAY, APRIL 29, BUT THIS S NOT YET CONFIRMED.

5. WELLENSTEIN SAID THAT, ON SOAMES' INSTRUCTIONS, HE HAVE THE PERM REPS THE ANNEX TO AMBASSADOR EBERLE'S APRIL 18 LETTER TO SOAMES SO THAT THERE COULD BE NO MISUNDERSTANDING BY THE NINE OF THE US REQUESTS-- OR OF THE FACT THAT THE COMMISSION PROPOSAL FALLS SHORT. MYERSON

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